

# Local banks expect small ‘Check 21’ impact on Fort Lewis

By J.C. Mathews  
Northwest Guardian

Fort Lewis families thinking of floating a check a couple of days before payday should always think of something else instead.

But “Check 21,” the controversial new banking law widely reputed to end check floating, needn’t cause much concern for Fort Lewis check writers, say officials from the financial institutions with branches on post. Neither the Armed Forces Bank nor the America’s Credit Union plan to fully convert to Check 21-style electronic processing right away.

Check 21 is the short name given to the “Check Clearing for the 21st Century Act,” which was signed into law last year and took effect Oct. 28. According to the Feder-

al Reserve Board Web site, Check 21 permits banks to convert paper checks into computer images called “substitute checks,” which can be sent electronically for payment to the bank on which they are drawn.

According to Robert Schultz, regional manager of and senior vice president for Armed Forces Bank, changes in the way merchants commonly handle check transactions have already begun preparing consumers for speedier processing.

“A majority of large businesses are already converting paper checks to (automated clearing house) debits, for example,” said Schultz. Because the ACH debits clear check writers’ accounts faster, customers have become accustomed to faster processing of their checks.

Rather, Schultz emphasizes the new

fraud protections offered by Check 21 as its most important impact. The conversion of checks from paper to data eliminates most opportunities for mischief and gives account holders the ability to examine their transactions faster for evidence of fraud, he said.

“Our Soldiers are more Internet-savvy than the general public,” he said. “Even deployed Soldiers will call us (when they see a problem online) and say, ‘That’s not my check.’”

Previously, paper checks had to be physically transported to their bank of origin, which took time. That delay gave check writers a “float” window between the writing of the check and the time that money had to be in their accounts to cover the check. Under Check 21, that delay mostly disappears.

“With Check 21, banks will likely process more checks electronically,” says the FRB Web site. “As a result, your check may reach your bank faster and be paid sooner. Always make sure you have enough money in your account to cover the checks you write at the time that you write them.”

According to Dava Giove, vice president with America’s Credit Union on Fort Lewis, the impact of the new law won’t be fully felt by its members for months. The credit union will not completely implement Check 21 until sometime in 2005, she said.

“We don’t see a true elimination of the ‘float’ time for quite some time,” Giove said.

Still, officials from both on-post banks cautioned check writers that they should always have money in their accounts to cover checks before writing them. And, all

banks are required to process substitute checks sent to them from banks that have fully converted.

“A float is always a gamble,” Giove said. “We have other options available.”

The FRB Web site says that checking account holders who receive canceled checks with their bank statements might begin to receive a mixture of canceled original and substitute checks. It adds that the substitute checks are legally the same as the original checks if they accurately represent the information on the original check and include the following statement: “This is a legal copy of your check. You can use it the same way you would use the original check.”

These substitute checks can be used as proof of payment, like a canceled check, it said.

# Rental car accidents during temporary duty more common than you might think

By Capt. Glen Evan Templeton  
Office of the Staff Judge Advocate

Imagine you are on temporary duty away from Fort Lewis. Your TDY orders allow a rental car at government expense.

In a moment of inattention while driving you don’t notice traffic has slowed and you slam into the car ahead of you.

Situations similar to this happen every day to government drivers who are on TDY. What you need to know about is the protection that may be available to you if you are TDY and damage the car you rent or damage another car or cause injuries to

another person.

Aside from payment directly from you, there are three possible sources of payment for the damages you cause: the Surface Deployment and Distribution Command agreement, the Visa (Government credit card) contract and your unit TDY.

The SDDC agreement is a contract between rental car companies and the United States government.

The SDDC agreement provides protection for the United States government and its employees from claims and lawsuits arising out of the use of covered vehicles. This is essentially additional (but usually deemed primary) insurance that may be available to protect you, above personal

automobile insurance you may have.

Aside from payment for injuries you cause to another person, the rental car company bears the entire risk of damage to the rental car itself resulting from all covered causes.

The rental car company must authenticate your status. This is done at the time of rental when you present your TDY orders, some other form of authorization or a government credit card for the rental. Make sure your TDY status is reflected on the rental car agreement.

In addition, to receive protection you also must not be using the car for a purpose that excludes coverage under the SDDC agreement. The rental car company will

not bear the risk of loss when the loss is caused by using the car in an illegal or unauthorized manner.

A government Visa credit card contract may also protect you from having to pay for damages to a rental car. If the car rental was initiated and completed with the use of a government Visa credit card, Visa may be required to pay for damages to the rented vehicle itself (but not damages to the other car or for injuries to others involved in the collision). Visa contract coverage is available only for rentals up to 30 days and does not apply to trucks or other vehicles that seat more than 8 passengers. If you desire Visa contract coverage, you must decline the rental company’s collision damage

waiver or similar coverage.

Lastly, the Joint Federal Travel Regulations may provide you protection when you rent a car on TDY orders and are involved in a collision. The JFTRs allow payment to be made to a rental company (for damages to a rental car itself) using unit TDY funds, but only if the rental car was damaged in the performance of official duties.

So remember the next time you are TDY and your TDY orders provide for a rental car at government expense, you may receive protection for damages you cause. However, if you don’t act prudently to ensure protection, you might be forced to personally pay for the damages or injuries you caused while driving on TDY.